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FISCAL IMPACT STATEMENT

LS 6148

BILL NUMBER: HB 1561

NOTE PREPARED: Jan 25, 2007

BILL AMENDED:

SUBJECT: Medicaid for Children with Disabilities.

FIRST AUTHOR: Rep. Hoy

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: *Medicaid Buy-in Program for Children with Disabilities:* This bill establishes the Medicaid Buy-in Program for Children with Disabilities. The bill requires the Office of Medicaid Policy and Planning (OMPP) to amend the state Medicaid Plan to include the program.

Money Follows the Person Rebalancing Demonstration Project: The bill also requires the OMPP to apply to the federal Department of Health and Human Services for a grant to implement the Money Follows the Person Rebalancing Demonstration Project authorized by federal law.

Effective Date: Upon passage.

Explanation of State Expenditures: *Medicaid Buy-in Program for Children with Disabilities:* The total costs of the program will depend on administrative actions in designing the program, as well as the number and level of premium subsidies that might be paid for employer group health benefits and the level and amount of services required to be paid by Medicaid above or in addition to the benefit limits of the private group insurance. The level of the Medicaid buy-in amounts would also affect the cost of the program.

Money Follows the Person Rebalancing Demonstration Project: The bill also requires OMPP to apply for a federal Money Follows the Person Rebalancing Demonstration Project grant. These projects support state efforts to rebalance their long-term support systems so that individuals have a choice of where they live and receive services. The projects will support efforts to transition individuals who wish to live in the community from institutions and to promote a strategic approach to implement a system that provides person-centered, appropriate, needs-based, quality-of-life services, and quality management strategy that ensures the provision and improvement of services provided in both home- and community-based settings and in institutions. This

provision would have no fiscal impact since Indiana was awarded a \$21.5 M, 5-year Money Follows the Person Grant in January 2007.

Background Information on the Medicaid Buy-in Program for Children with Disabilities: The bill requires OMPP to apply before June 30, 2007, for a state Medicaid Plan amendment to include the Medicaid Buy-in Program for Children with Disabilities. The bill defines the level of disability a child must meet to participate in the program and the financial eligibility standards for the family. A disabled child as defined by the Social Security Administration disability standards in effect for the SSI program, who is below the age of 19 years, and who lives in a family with income below 300% of the federal income poverty level (FPL) may participate in the Program. The bill requires that parents of children with disabilities who have employer-offered group health benefits available must enroll in the group health program as a condition of the child's coverage if the employer covers at least 50% of the total annual premium cost. OMPP may provide for the payment of any portion of the parent's premium payment for the group health coverage.

The bill allows OMPP to adopt rules to determine the level of cost participation necessary for individuals participating in the Medicaid Buy-in Program. The bill requires that the participating families may not be required to contribute more than 5% of their income towards employer premiums and the Medicaid buy-in if the family income does not exceed 200% of FPL. The bill would additionally require that for families with income that does not exceed 300% of FPL, the family's employer group health premiums and Medicaid buy-in premiums cannot exceed 7.5% of family income. The table below shows 2007 FPL by family size with an indication of the amounts required by the maximum family expenditures.

Persons in the Family or Household	200%	5% Cap	300%	7.5% Cap
1	\$20,420	\$1,021	\$30,630	\$2,297
2	\$27,380	\$1,369	\$41,070	\$3,080
3	\$34,340	\$1,717	\$51,510	\$3,863
4	\$41,300	\$2,065	\$61,950	\$4,646

The bill provides that OMPP may waive cost-sharing charges or premium payments if it determines that requiring payment would create undue hardship. The bill further provides that failure to pay the employer group health benefit premium or to pay the buy-in premium may not be the grounds for termination of the individual's eligibility until 60 days after the due date of the premium or buy-in payment.

In 2005, the Social Security Administration identified 20,649 SSI recipients under age 18 in Indiana. OMPP data indicates that there were enrolled in Medicaid 17,676 children with disabilities or who were ineligible for TANF due to SSI payments. (Of the 17,676 children, 16 currently participate in the MED Works program, the state's Medicaid buy-in program for working adults with disabilities.) This data indicates that there may be approximately 3,000 children who already qualify for SSI as disabled and who could be eligible for the buy-in program. There may be more children potentially eligible for the buy-in program who have never applied for SSI. The Medicaid cost for the program would be dependent on the total number of children eligible, the premium subsidies that might be paid for employer group health benefits, and the level and amount of services required to be paid by Medicaid above or in addition to the benefits provided under the private group insurance. The level of the Medicaid buy-in premiums would also affect the cost of the program.

Some of the children with disabilities who might qualify for the buy-in program may currently participate in Medicaid with a spend-down requirement. OMPP has identified 332 children with disabilities that currently have required monthly spend-down amounts. The buy-in program may provide some of these individuals with a less costly method of qualifying for Medicaid coverage each month depending upon the level of the individual's spend-down amount required.

Spend-down is a provision that allows a person whose income exceeds the Medicaid financial eligibility standard to receive some Medicaid assistance. The degree to which income exceeds the eligibility standard is the amount of the spend-down required before the applicant becomes eligible for Medicaid each month. The current income standard is \$603 per month for a single applicant and \$904 per month for a couple. Resource limits of \$1,500 for individuals or \$2,250 for couples are also imposed on this population. Spending must be for medical expenses that are not subject to or paid by insurance, although payments made by state or local programs will count towards an applicant's monthly spend-down obligation. Once the spend-down obligation is met for the month, Medicaid pays for any other covered services incurred in that month.

The Medicaid Program is jointly funded by the state and federal governments. The state share of program expenditures is approximately 38%. Medicaid medical services are matched by the federal match rate (FMAP) in Indiana at approximately 62%. Administrative expenditures with certain exceptions are matched at the federal rate of 50%.

Explanation of State Revenues: See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid Program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: OMPP, Family and Social Services Administration.

Local Agencies Affected:

Information Sources: OMPP.

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